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UNITED STATES
SECURITIES EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 42637

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

SCHOENHOLTZ & CO.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2 Woodhollow

(No. and Street)

Irvine,

California

92604

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ira Schoenholtz

949-559-4516

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

George Brenner, CPA A Professional Corporation

(Name — if individual, state last, first, middle name)

10680 W. Pico Blvd., Suite 260

Los Angeles, CA

90064

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Ira Schoenholtz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Schoenholtz & Co., as of December 31, 2001, 19 , are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE



Theresa Ghafourian
Notary Public

Ira Schoenholtz
Signature

PRESIDENT / CEO.

Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition ~~with respect to methods of consolidation.~~
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2001

SCHOENHOLTZ & CO.
2 WOODHOLLOW
IRVINE, CALIFORNIA 92604

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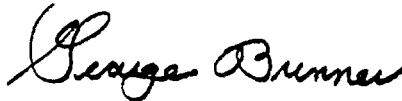
REPORT OF INDEPENDENT ACCOUNTANT

Board of Directors
Schoenholtz & Co.
Irvine, California

I have audited the accompanying statement of financial condition of Schoenholtz & Co. as of December 31, 2001 and related statements of income, cash flows, and changes in stockholder's equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of Schoenholtz & Co.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of Schoenholtz & Co. as of December 31, 2001 and the results of its operations, cash flows and stockholder's equity for the year then ended in conformity with United States generally accepted accounting principles.



George Brenner, C.P.A.

Beverly Hills, California
January 31, 2002

SCHOENHOLTZ & CO.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash		
Checking	\$ 5,057	
Maximizer account	<u>67,268</u>	
		\$ 72,325
Property & equipment,		
net of accumulative depreciation (\$3,862)		0
NASD stock		18,900
Note receivable		25,000
Income tax refund		<u>508</u>
TOTAL ASSETS		<u>\$116,733</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable	\$ 1,875
Accrued payroll taxes	--
Income taxes payable	--
Accrued pension liability	<u>3,393</u>
	<u>5,268</u>

SHAREHOLDER'S EQUITY

Common Stock (\$1 par value, 1,000,000 shares authorized, 100 shares issued and outstanding)	\$ 100	
Retained earnings	<u>111,365</u>	
		<u>111,465</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		<u>\$116,733</u>

See Accompanying Notes to Financial Statements

SCHOENHOLTZ & CO.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUES		
Commissions	\$	179,854
Interest income		<u>2,856</u>
TOTAL REVENUES		182,710
OPERATING EXPENSES - SCHEDULE		<u>141,778</u>
INCOME BEFORE TAX PROVISION		<u>40,932</u>
INCOME TAX PROVISION		<u>9,928</u>
NET INCOME	\$	<u><u>31,004</u></u>

See Accompanying Notes to Financial Statements

SCHOENHOLTZ & CO.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

	Common Stock <u>Shares</u>	Common <u>Stock</u>	Paid-In <u>Capital</u>	Retained <u>Earnings</u>	<u>Total</u>
Balance, December 31, 2000	100	\$ 100	\$ 0	\$ 80,361	\$ 80,461
Net Income	<u>—</u>	<u>—</u>	<u>—</u>	<u>31,004</u>	<u>31,004</u>
Balance at December 31, 2001	<u>100</u>	\$ <u>100</u>	\$ <u>0</u>	<u>\$111,365</u>	<u>\$111,465</u>

See Accompanying Notes to Financial Statements

SCHOENHOLTZ & CO.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows from Operating Activities:

Net income	\$ 31,004
Change in operating assets and liabilities:	
Income tax refund	(508)
Accounts payable	(1,295)
Accrued payroll taxes	(668)
Income taxes payable	(4,586)
Accrued pension payable	<u>3,393</u>
Net cash provided (used) in operating activities	27,340
Cash Flows from Investing Activities:	--
Cash Flows from Financing Activities:	<u>--</u>
Net increase (decrease) in cash	27,340
Cash at beginning of year	<u>44,985</u>
Cash at end of year	\$ <u><u>72,325</u></u>

Supplemental Data

Interest Paid	\$ <u>0</u>
Income Taxes	\$ <u>10,436</u>

See Accompanying Notes to Financial Statements

SCHOENHOLTZ & CO.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note 1 - Summary of Significant Accounting Policies

Organization

Schoenholtz & Co. (the Company), was incorporated on October 6, 1993 and is registered as a broker/dealer in securities under the Securities and Exchange Act of 1934. The Company, in connection with its activities as a broker-dealer, holds no funds or securities for customers. The Company executes and clears all of its transactions through a clearing broker-dealer on a fully disclosed basis and, accordingly, is exempt from the provisions of Rule 15c3-3 under Subparagraph (k)(2)(ii). The Company operates out of its principal and only office located in Irvine, California.

Securities Transactions

Customers' securities transactions and related commission income and expenses are recorded on a trade-date basis.

Depreciation

Equipment is carried at cost. The entire cost of the assets have been expenses under Internal Revenue Code Section 179.

Note 2 - Net Capital Requirements.

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum of net capital (\$5,000) as defined under such provisions. See the computation of net capital requirements following these Notes to Financial Statements.

Note 3 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SCHOENHOLTZ & CO.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2001

NOTE 4 - Income Taxes

The provision for income taxes consists of the following:

Federal	\$ 6,030
State	<u>3,898</u>
	<u>\$ 9,928</u>

NOTE 5 - Off Balance-Sheet Risk

As discussed in Note 1, the customers' securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customers' transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that a customer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker/dealer.

NOTE 6 - Note Receivable

The Company lent \$25,000 for a clearing deposit for another broker dealer. A UCC 1 filing has been executed and the aforementioned other broker dealer has guaranteed the note. However, the NASD does not recognize this asset as an allowable asset for net capital computation purposes.

SCHOENHOLTZ & CO.
COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT
TO RULE 15c3-1
DECEMBER 31, 2001

COMPUTATION OF NET CAPITAL

Total ownership equity	\$ 111,465
Less: Nonallowable assets	
NASD stock	(18,900)
Note receivable	(25,000)
Income tax return	<u>(508)</u>
NET CAPITAL	<u>\$ 67,057</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net capital indebtedness	
6-2/3% of net aggregate indebtedness	\$ 351
Minimum dollar net capital required	\$ 5,000
Net Capital required (greater of above amounts)	\$ 5,000
EXCESS CAPITAL	\$ 62,057
Excess net capital at 100% (net capital less 10% of aggregate indebtedness)	\$ 66,530

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	\$ 5,268
Percentage of aggregate indebtedness to net capital	7.86%

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to rule 179-5(d)(4):

NONE REQUIRED

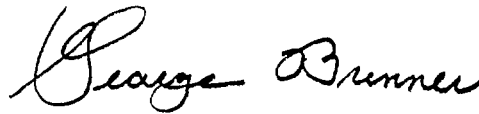
See Accompanying Notes to Financial Statements

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310-202-6445 FAX 310-202-6494

INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF OPERATING EXPENSES

Board of Directors
Schoenholtz & Co.
Irvine, California

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached schedule of operating expenses for the year ended December 31, 2001 is presented for purposes of additional information and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.



George Brenner, CPA

Beverly Hills, California
January 31, 2002

SCHOENHOLTZ & CO.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2001

Professional services	\$ 9,741
Salaries	84,950
Payroll taxes	6,730
Employee benefits	8,198
Pension expense	20,100
Office expense	3,293
Travel, meals and entertainment	1,769
Other	<u>6,997</u>
 TOTAL	 <u>\$141,778</u>

See Accompanying Notes to Financial Statements

PART II

SCHOENHOLTZ & CO.

STATEMENT OF INTERNAL CONTROL

DECEMBER 31, 2001

George Brenner, CPA

A Professional Corporation
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310-202-6445 FAX 310-202-6494

REPORT OF INDEPENDENT ACCOUNT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC Rule 17a-5

Board of Directors
Schoenholtz & Co.
Irvine, California

In planning and performing my audit of the financial statements of Schoenholtz & Co. (hereafter referred to as the "Company") for the year ended December 31, 2001, I have considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practice and procedures (including tests of compliance with such practices and procedures) followed by the Company that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (aggregate debits) and net capital under Rule 17a-5(a)(11) and for determining compliance with the exemptive provisions of Rule 15c-3. I did not review the practices and procedures followed by the company: (1) in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System; or (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The Management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Board of Directors
Schoenholtz & Co.
Irvine, California

Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relationship to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the accounting system and control procedures that I consider to be material weaknesses as defined above. In addition, the Company, was in compliance with the exemptive provisions of Rule 15c3-3 as of December 31, 2001 and no facts came to my attention indicating that such conditions had not been complied with during the year then ended.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the national Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.



George Brenner, CPA

Beverly Hills, California
January 31, 2002